

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-10

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAJ-01 SS-20 NSC-10 DRC-01 OMB-01 ACDA-19 /132 W

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R 201335Z NOV 73

FM USMISSION NATO

TO SECSTATE WASHDC 2754

SECDEF WASHDC

INFO JCS WASHDC

USCINCEUR VAIHINGEN GER

AMEMBASSY PARIS

NSE/NSSG BRUSSELS

C O N F I D E N T I A L USNATO 5579

E.O. 11652: GDS: 12-31-79

TAGS: NATO, XG, ETRN

SUBJ: REPORT OF CENTRAL EUROPE PIPELINE POLICY COMMITTEE (CEPPC)

MEETING OF 15 NOV 73

DEFENSE FOR OASD/I&L, MR. NOLAND AND COMPT, MR. UMBARGER;
STATE FOR EUR/RPM, MR. REHFELD; JCS FOR J-4 PETROLEUM; USCINCEUR
FOR J-4 JPO; AMEMB PARIS FOR MR. HUMPHREYS; NSE/NSSG FOR MR.
MINER.

REF: A. USNATO A-151

B. USNATO 5353

C. STATE 222111

BEGIN SUMMARY. ONE-DAY CEPPC MEETING DURING BUDGET WORKING GROUP
SESSION COVERED: (A) US TEMPORARY NON-AGREEMENT TO FIRST CALL
FOR 1974 CONTRIBUTIONS TO CEPS; (B) LIFTING OF US RESERVATIONS
AND BLOCKINGS ON THIRD 1973 SUPPLEMENTARY BUDGET; (C) PROGRESS
REPORTS ON (1) EFFORTS TO REDUCE CEPS (CENTRAL EUROPE PIPELINE
SYSTEM) PAYMENT OF TAXES, AND (2) INVESTIGATION OF SPECIAL
NATO AUDIT REPORT; (D) PREPARATION TO ACCOMPLISH REPORT
CONFIDENTIAL

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TO COUNCIL ON THE EFFECT UPON CEPS OF BURDENSARING PROPOSALS
ACTION REQUESTED: WASHINGTON GUIDANCE BY DECEMBER 7 ON PAYMENT
OF PORTION OF FIRST CALL FOR 1974 CEPS CONTRIBUTION. END SUMMARY.

THE JOINT CEPPC/CEPO (CENTRAL EUROPE PIPELINE OFFICE) BUDGET WORKING GROUP DELIBERATIONS WERE INTERRUPTED FOR REGULAR CEPPC MEETING ON THURSDAY, NOV 15. COMMENTS ON AGENDA ITEMS FOLLOW:

I. APPROVAL OF AGENDA

THE ADVANCE COPY OF DRAFT COUNCIL DIRECTIVE ON BURDENSARING WAS ADDED TO THE AGENDA.

II. APPROVAL OF SUMMARY RECORD FOR MEETING 13-14 SEP (AC/120-R/196)

THE RECORD WAS APPROVED WITH SEVERAL MINOR CHANGES.

III. FIRST CALL FOR CONTRIBUTIONS 1974

THE US STATED THAT IT COULD NOT AGREE TO ANY AMOUNT ON THE FIRST CALL FOR 1974 CEPS CONTRIBUTIONS IN VIEW OF THE IMMINENT DECISION ON BURDENSARING WHICH MIGHT SIGNIFICANTLY ALTER THE SHARE OF THE US CONTRIBUTION TO THE CEPS BUDGET DEFICIT. AFTER CONSIDERABLE DISCUSSION, THE COMMITTEE AGREED TO THE FIRST CALL FOR FF 20 MILLION; NOTED THE US COMMENTS; AND REQUESTED THAT THE US AUTHORITIES BE INVITED TO FIND SOME MEANS OF CONTRIBUTING TO THE CALL SO THAT CEPS WILL CONTINUE OPERATION BUT WITHOUT PREJUDICE TO THE US BURDENSARING POSITION. COMMENT. CEPPC MEMBERS SUGGESTED THAT ANY US CONTRIBUTION TO BE PRESENT CALL FOR BIDS BE CONSIDERED AS A "TREASURY ADVANCE". WITHOUT A US SHARE (36.07 PERCENT) THE REMAINDER OF THE CALL FOR FF 20 MILLION WOULD BE SUFFICIENT TO COVER DEFICIT ONLY THROUGH APRIL RATHER THAN JULY 1974. WHILE US "TREASURY ADVANCE" WOULD INDICATE POSITIVE US APPROACH TO CONTINUED OPERATION, USNATO FEARS THAT CONTRIBUTION OF, SAY 50 PERCENT OF THE NORMAL US SHARE WOULD TEND TO PREJUDICE BURDENSARING DISCUSSIONS IN NEXT FEW WEEKS, WHEREIN WE WILL BE SEEKING TO ELIMINATE US SHARE IN CEPS DEFICIT. END COMMENT.

IV. PROCUREMENT OF CEPS VEHICLES (AC/120-D/827)

THIS REPORT EXAMINED THE POSSIBILITY OF TAKING ADVANTAGE OF THE SHAPE PROCUREMENT SYSTEM FOR VEHICLES REQUIRED BY THE VARIOUS PIPELINE DIVISIONS. STUDY CONCLUDED THAT THE PRESENT PROCUREMENT CONFIDENTIAL

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METHOD WITHIN THE PIPELINE DIVISIONS WAS AT LEAST AS ECONOMICAL AS THE SHAPE SYSTEM FOR THE TYPE VEHICLES DESIRED.

V. TAXES AND CUSTOMS DUTIES BORNE BY THE CEPS

BELGIAN RAPPORTEUR (DUPOINT) IN MOST RECENT DISCUSSION WITH FRENCH ON THIS SUBJECT, SECURED FRENCH AGREEMENT TO PROVIDE WRITTEN REPLY BY END OF NOVEMBER TO RAPPORTEUR'S PROPOSALS FOR RESOLVING PROBLEM. HOWEVER, IN MEANTIME FRG HAS INTRODUCED GERMAN TAXES AS AN ITEM TO BE ADDED TO 1974 CEPS BUDGET. RAPPORTEUR COMMENTED THAT THIS WOULD SERIOUSLY UNDERMINE HIS AGREEMENT WITH THE FRENCH AUTHORITIES. THE COMMITTEE REQUESTED THE FRG REPRESENTATIVE TO SECURE HIS AUTHORITIES' AGREEMENT TO SUSPEND FRG REQUEST ON TAXES PENDING COMPLETION OF CURRENT

NEGOTIATIONS WITH FRENCH, WHICH DUPOINT BELIEVED WOULD GO LONG WAY TOWARD RESOLUTION OF FRENCH TAX PROBLEM.

VI. SPECIAL REPORT BY THE NATO INTERNATIONAL BOARD OF AUDITORS

CEPPC CHAIRMAN STATED THAT REVISED COMMENTS BY GENERAL MANAGER IN AUDIT REPORT ARE NEARLY COMPLETE. THESE COMMENTS AND THE REPLY TO THE FRENCH COMMENTS BY THE NATO AUDITORS WILL BE CIRCULATED TO THE CEPPC MEMBERS IN THE NEAR FUTURE. (IT IS HOPED WITHIN NEXT THREE WEEKS BUT HEAVY TRANSLATION LOAD BECAUSE OF DECEMBER MINISTERIAL MAY EXTEND THIS DATE.)

VII. ANY OTHER BUSINESS

A. THIRD SUPPLEMENTARY BUDGET 1973 (AC/120-D/831)

ADDITIONAL JUSTIFICATION FOR FRENCH DIVISION EXPENSES WAS PROVIDED IN OAF(73)951 AS ANNEX T

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Message Attributes

Automatic Decaptioning: X
Capture Date: 02 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 20 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973NATO05579
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS 12-31-79
Errors: n/a
Film Number: n/a
From: NATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731165/abqcedjs.tel
Line Count: 124
Locator: TEXT ON-LINE
Office: n/a
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. USNATO A-151 B. USNATO 5353 C. STATE 222111
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 27 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Aug-2001 by izenbei0>; APPROVED <03-Oct-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REPORT OF CENTRAL EUROPE PIPELINE POLICY COMMITTEE (CEPPC) MEETING OF 15 NOV 73
TAGS: NATO, XG, ETRN
To: STATE
SECDEF INFO JCS
USCINCEUR VAIHINGEN GER
PARIS
NSE NSSG BRUSSELS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

